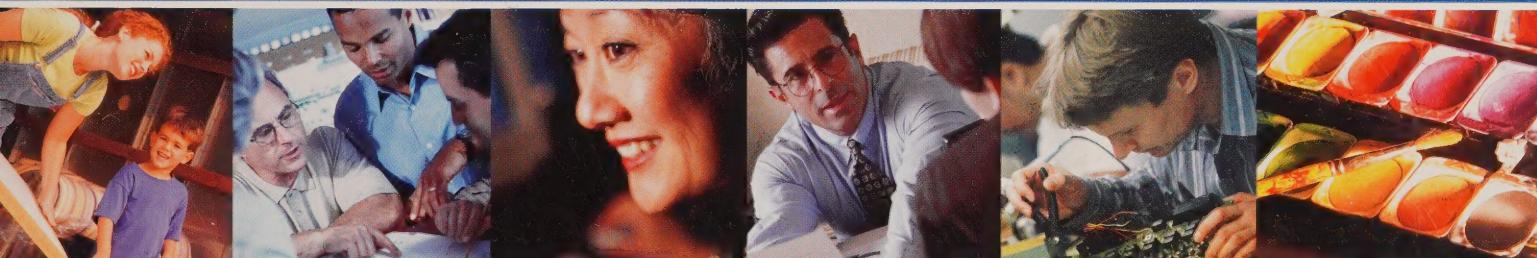


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# Planning for Success

YOUR GUIDE *to* PREPARING a MARKETING PLAN



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WORKING WITH ENTREPRENEURS



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# How to prepare a *Marketing Plan*

- I COVER PAGE
- II TABLE OF CONTENTS
- III INTRODUCTION
- IV SITUATIONAL ANALYSIS
  - The Market
  - The Competitive Environment
  - The Technological Environment
  - The Socio-Political Environment
  - Other
- V PROBLEMS AND OPPORTUNITIES
- VI OBJECTIVES
- VII STRATEGY
- VIII ACTION PLAN
- IX FINANCIAL DATA

## APPENDICES

- Explanation of Market Share
- How to Prepare a Breakeven Analysis
- How to Prepare a Cash Flow Statement





# The Marketing Plan

## I COVER PAGE

### Include

- Legal name of business
- Name of document ("Marketing Plan")
- Date of preparation or modification of the document
- Name, address and phone number of the business or contact person
- Name, address and phone number of the individual or business who prepared the plan

## II TABLE OF CONTENTS

## III INTRODUCTION

- Describe product or service. Emphasize unique or innovative features and/or protection by patent, copyright or other legal means.

## IV SITUATIONAL ANALYSIS

### The market

- Description of your total potential market (your potential customers).
- How does your product/service satisfy the needs of this market?
- Describe the particular customers that you will target.
- Size of (1) total potential market (number of potential customers), and (2) your target market. Support estimates with factual data.
- Growth potential of (1) total potential market, and (2) your target market. Look at local, national and international markets. Support estimates with factual data.
- Your market share (See Appendix A).

### Competitive environment

- Identify major competitors: name, location, and market share.
- Compare your product/service with that of your major competitors (brand name, quality, image, price, etc.).
- Compare your firm with that of your major competitors (reputation, size, distribution channels, location, etc.).
- How easy is it for new competition to enter this market?
- What have you learned from watching your competition?
- Are competitors' sales increasing, decreasing, steady? Why?

### Technological environment

- How is technology affecting this product/service?
- How soon can it be expected to become obsolete?
- Is your company equipped to adapt quickly to changes?



**Socio-political environment**

- Describe changing attitudes and trends. How flexible and responsive is your firm?
- List new laws and regulations that may affect your business. What might the financial impact be?

**Other**

- Include other situational factors that will affect your marketing plan.

**V PROBLEMS AND OPPORTUNITIES**

- State each problem or opportunity and what you will do about them.

**VI OBJECTIVES**

- State objectives in precise, quantifiable terms. (e.g. "To obtain a sales volume of 3000 units by the end of the fiscal year.")

**VII STRATEGY**

- How will you reach your objective? (New market penetration, expansion of market share, entrenchment, etc.). You may wish to consult a book on basic marketing for an overview of the various strategies that can be used.
- How have you taken into account the previously mentioned problems and opportunities, and the potential reactions of your competitors?

**VIII ACTION PLAN**

- How will you implement the above strategy?
- Product/service: Quality, branding, packaging, modification, location of service, etc.
- Pricing: How will you price your product/service so that it will be competitive, yet profitable?
- Promotion/advertising: How, where, when, etc.
- Selling methods: Personal selling, mail-order, etc. Include number of salespersons, training required, etc.
- Distribution methods.
- Servicing of product.
- Other: Add any other relevant information.

**IX FINANCIAL DATA**

- Sales projections for the next five years (optimistic, pessimistic, realistic).
- Breakeven Analysis (See Appendix B).
- Monthly cash flow for Year 1, quarterly for Years 2 and 3. (See Appendix C).





# The Marketing Plan

## APPENDIX A

### Market Share

Market share is determined by dividing a firm's sales by total market sales.

#### Example

Company Name	Annual Sales (\$)
ABC Company	50,000
XYZ Company	40,000
NEW Company	90,000
RED Company	90,000
MMM Company	25,000
<b>Total</b>	<b>\$295,000</b>

Market share of Company ABC:

$$= \frac{\$50,000}{\$295,000} = .17$$

Multiply by 100 to determine percentage

Market share of Company ABC = 17%

Sales of Company ABC account for approximately 17% of total market sales.

#### To determine sales volume

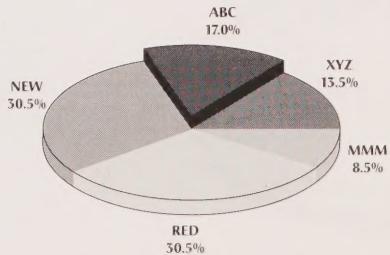
To determine the sales volume of each firm, you should contact suppliers, retailers, trade associations, or other sources who may be in a position to help you form an estimate.

#### Other sources of information:

- Annual reports for each company
- Government reports on industry, market trends, etc.
- Trade publications or journals

Note: You may find it useful to display market share values in a pie chart as shown on this page.

### ABC COMPANY MARKET SHARE



**Breakeven Analysis**

The breakeven analysis determines at which sales volume your firm will start making money.

**The breakeven formula:**

$$\frac{\text{Fixed costs}}{(\text{Revenue/unit} - \text{Variable costs/unit})}$$

- Fixed costs: Costs that must be paid whether or not any units are produced. These costs are fixed only over a specified period of time or range of production.
- Variable costs: Costs that vary directly with the number of products produced. (Typically: materials, labour used to produce units, percentage of overhead)

**Example**

Fixed cost = \$50,000/year

10,000-30,000 unit production range

Variable cost = \$1.60 materials  
 \$3.00 labour  
 .60 overhead  
 $\frac{\text{}}{\$5.20}$

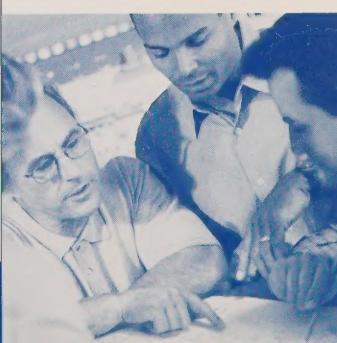
Selling price = \$9.00/unit

$$\text{No. of units to break even} = \frac{\$50,000/\text{year}}{(\$9.00/\text{unit} - \$5.20/\text{unit})}$$

$$= 13,158 \text{ units/year}$$

In this example, 13,158 units must be sold at a price of \$9.00 before the firm will begin to realize a profit.

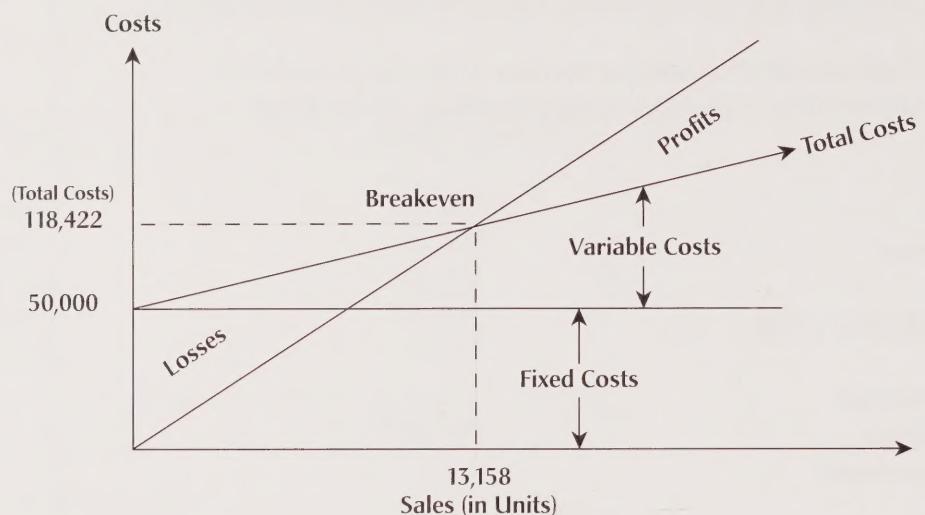
A breakeven analysis is most clearly illustrated in a chart such as the one shown on the following page.





## The Marketing Plan

You may use the breakeven analysis to determine how changes in price and sales level, or cost increases or decreases will affect profitability.



## APPENDIX C

### The Cash Flow Statement

#### What is a Cash Flow Statement?

A cash flow statement identifies monthly inflows and outflows of cash. It reveals whether a company will have enough money to meet its needs on a monthly basis.

#### How is a Cash Flow Statement Prepared?

The cash flow statement is displayed in the following format. You may add different receipts or disbursements which are appropriate for your business.

The cash receipts for each month of the first year should be provided. The heading notes the date of the end of the period covered by the cash flow statement.

**Cash flow Forecast**  
For the Year Ended December 31, 1999

	JAN	FEB	MAR
Opening Cash Balance	15,000.00	10,040.00	3,440.00
<b>RECEIPTS</b>			
Cash Received from Sales*	0.00	900.00	1,000.00
Cash from Receivables Collected	0.00	0.00	2,700.00
Loan Proceeds*	0.00	0.00	660.00
<b>TOTAL RECEIPTS</b>			
<b>DISBURSEMENTS</b>			
Accounts Payable*	2,500.00	2,500.00	3,500.00
Rent	400.00	400.00	400.00
Supplies	120.00	30.00	30.00
Utilities	190.00	190.00	190.00
Telephone	50.00	30.00	30.00
Insurance			
Advertising & Promotion	500.00	500.00	400.00
Wages	1,800.00	1,600.00	2,000.00
Salaries	1,500.00	1,500.00	1,500.00
Taxes			
Loan repayment	0.00	500.00	500.00
Miscellaneous	200.00	200.00	200.00
<b>TOTAL DISBURSEMENTS</b>	\$4,960.00	7,500.00	7,800.00
<b>SURPLUS (DEFICIT)</b>	<b>\$10,040.00</b>	<b>\$3,440.00</b>	<b>\$0.00</b>

\* See the following pages for more information about methods for recording sales, loan proceeds, and method for recording "Accounts Payable".

### Method for recording sales

Some sales will be made in cash while others may be made on credit. Because sales made on credit will not result in the receipt of cash until a later date, they must not be recorded until the month in which the cash will actually be received. Therefore, the percentage of sales to be made in cash and the percentage to be made on credit must be estimated. The percentage of credit sales should be further broken down according to the business' different collection periods (30 days, 60 days, etc.).

### Loan Proceeds

When a deficit appears on the final line, the amount of the deficit will need to be borrowed. Record the amount appearing on the deficit line on the loan proceeds line, then, change the deficit to zero. This shows investors when you will have a cash shortage that will require you to borrow additional funds.





# The Marketing Plan

## Method for recording "Accounts Payable"

Accounts Payable must be broken down according to your suppliers' terms of payment. For example, items purchased in January may have to be paid in 30 days or 60 days—meaning that the actual cash disbursement would not occur until March and April respectively. Accounts Payable are recorded in the month that they will actually be paid.

The following example will illustrate this. Sales of ABC Company are 10% cash received immediately, 65% received in 30 days, and 25% in 60 days.

### 1. January's sales are expected to be \$100,000

- \$10,000 (10% of 100,000) is recorded in January, under "Cash Received from Sales"
- \$65,000 (65% of 100,000) is recorded in February, under "Cash from Receivables Collected"
- \$25,000 (25% of 100,000) is recorded in March, under "Cash from Receivables Collected"

	JAN	FEB	MAR	APR
Cash Received from Sales	10,000	0	0	0
Cash from Receivables Collected	0	65,000	25,000	0

### 2. Sales in February are expected to be \$200,000

- \$20,000 (10% of 200,000) is recorded in February, under "Cash Received from Sales"
- \$130,000 (65% of 200,000) is recorded in March, under "Cash from Receivables Collected". Since \$25,000 from January sales has already been recorded in March, the two figures are added together and the total is recorded ( $25,000 + 130,000 = 155,000$ )
- Therefore, \$155,000 is recorded in March, under "Cash from Receivables Collected". \$50,000 from February sales is recorded in April, under "Cash from Receivables Collected"

	JAN	FEB	MAR	APR
Cash Received from Sales	10,000	20,000	0	0
Cash from Receivables Collected	0	65,000	155,000	50,000

# ABC COMPANY

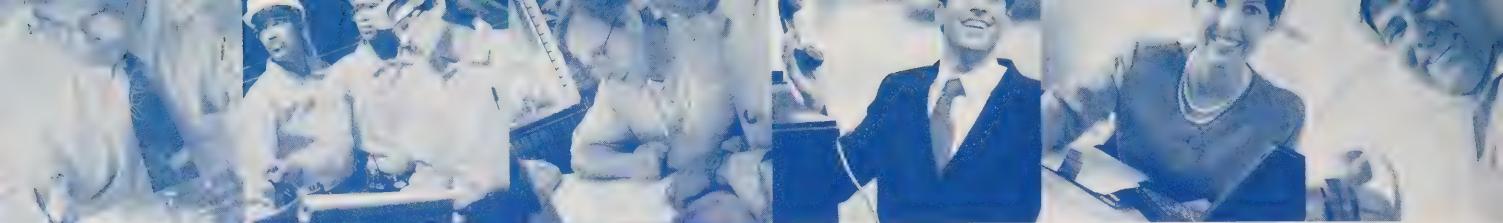
## Cash flow Forecast

For the Year Ended December 31, XXXX

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
OPENING CASH BALANCE	\$15,000.00	\$10,040.00	\$3,440.00	\$0.00	\$70.00	\$3,050.00	\$5,290.00	\$8,930.00	\$17,670.00	\$26,540.00	\$29,270.00	\$35,900.00	-----
RECEIPTS													
Cash rec'd from sales	0.00	900.00	1,000.00	1,200.00	1,800.00	1,900.00	1,600.00	1,200.00	1,600.00	14,00.00	1,000.00	14,800.00	-----
Cash from receivables	0.00	0.00	2,700.00	8,400.00	9,600.00	10,800.00	12,600.00	16,500.00	16,200.00	10,800.00	14,400.00	13,800.00	115,800.00
Loan proceeds	0.00	0.00	660.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	660.00
<b>TOTAL RECEIPTS</b>	<b>0.00</b>	<b>900.00</b>	<b>4,360.00</b>	<b>9,600.00</b>	<b>10,800.00</b>	<b>12,600.00</b>	<b>14,500.00</b>	<b>18,100.00</b>	<b>17,400.00</b>	<b>12,400.00</b>	<b>15,800.00</b>	<b>14,800.00</b>	<b>13,120.00</b>
DISBURSEMENTS													-----
Accounts payable	0.00	2,500.00	2,500.00	3,500.00	3,500.00	6,000.00	4,500.00	3,500.00	4,500.00	4,000.00	4,000.00	2,500.00	42,500.00
Rent	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	4,800.00
Supplies	120.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	450.00
Utilities	190.00	190.00	180.00	150.00	150.00	150.00	150.00	150.00	150.00	180.00	180.00	180.00	2,040.00
Telephone	50.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	380.00
Insurance	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.00	80.00	80.00	460.00
Advertising & promo	500.00	400.00	500.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	300.00
Maintenance & repairs	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	600.00
Wages	1,800.00	1,600.00	2,000.00	2,000.00	1,700.00	1,600.00	1,600.00	1,600.00	1,600.00	1,800.00	1,600.00	1,600.00	20,700.00
Salaries	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	16,500.00
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan repayment	0.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	5,500.00
Miscellaneous	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00
<b>TOTAL DISBURSEMENTS</b>	<b>4,960.00</b>	<b>7,500.00</b>	<b>7,800.00</b>	<b>8,890.00</b>	<b>8,460.00</b>	<b>10,360.00</b>	<b>10,860.00</b>	<b>9,360.00</b>	<b>8,530.00</b>	<b>9,670.00</b>	<b>9170.00</b>	<b>5,870.00</b>	<b>101,430.00</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$10,040.00</b>	<b>\$3,440.00</b>	<b>\$0.00</b>	<b>\$710.00</b>	<b>\$3,050.00</b>	<b>\$5,290.00</b>	<b>\$8,930.00</b>	<b>\$17,670.00</b>	<b>\$26,540.00</b>	<b>\$29,270.00</b>	<b>\$35,900.00</b>	<b>\$44,830.00</b>	<b>-----</b>

Notes





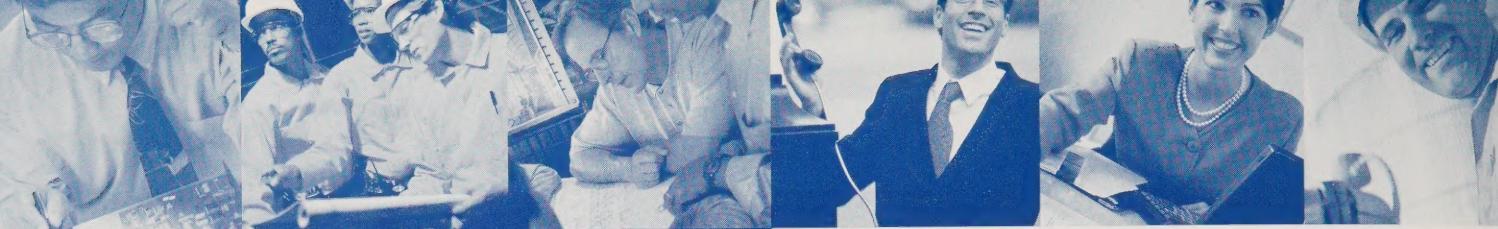
# The Marketing Plan

## Notes



# The *Marketing Plan*

## Notes



# The Marketing Plan

## Notes



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## A Commitment to Sustainable Development

At ACOA we believe that a healthy environment is an essential pre-condition to the development and maintenance of a strong, growing and sustainable economy. We are committed to protecting the environment of this region by setting an example in the environmental management of ACOA's own operations, by promoting sustainable businesses in the Atlantic region, and by advancing the environmental industry sector in Atlantic Canada.

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